

Response To Request For Qualifications

City of Morgan Hill Downtown Development Opportunity



Site A- Vision
Morgan Hill Downtown Development, LP

Community Housing Developers
**Morgan Hill Downtown
Development, LP**

December 14, 2009

Morgan Hill Downtown Development, LP

255 North Market Street Suite 290
San Jose, CA 95110
(408) 480-2942

December 14, 2009

David Heindel, Assistant to the City Manager
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

Re: Letter of Interest (LOI)- RFQ Downtown Development Opportunity

Mr. Heindel:

After diligently reviewing and gaining an in-depth understanding and knowledge of the Morgan Hill community we are pleased to present our response to the subject RFQ. As you know our response also includes a proposal and plan to move forward very quickly- an albeit aggressive, but doable plan. We look forward to introducing you to the details of our plan later in the response.

We recognize the extensive work that the City of Morgan Hill has already done for advancing a vision of the future Downtown Morgan Hill- a plan that fits our development experience and goals and one that we intend to incorporate fully. The City's efforts to amass strategic land sites so that a significant redevelopment can be undertaken puts the plan far advanced into the pipeline so that development, construction and occupancy should commence sooner rather than later. We would like to team with the City and the Community to fulfill the vision which has been vetted through it's development stages.

We hold the skill, expertise and financial capacity to undertake the complete development on multiple sites and fulfill the vision of the City and the Community. **We have identified two sites, Site D and Site A, that we are interested in developing.** Our developments will contribute to and revitalize and invigorate helping create a vibrant community. We look forward to setting forth our vision regarding Sites D&A later in the response.

The partnership we are creating, **Morgan Hill Downtown Development, LP** consists of Community Housing Developers (CHD) as the primary entity. We have already begun to assemble a team of consultants and professionals, utilizing local resources to the greatest extent possible and that team is ready to hit the ground running- we look forward to introducing you to our team later in the proposal (see Appendix C).

The **Principal for the team, Ron Morgan** is a renowned, industry leader in providing mixed use, high density, low impact and mixed income developments in the Silicon Valley for more than 20 years. Mr. Morgan has been President and Chief Executive Officer of Community Housing Developers since 1989. As a former investment banker and financial advisor, Mr. Morgan is involved in State and Federal level banking and finance communities and will utilize those past, well-established relationships to assure that the Morgan Hill projects will obtain financing so they can be moved forward into construction and service.

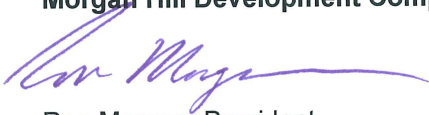
Our key to a successful project development lies in our ability to contribute rather than absorb community resources and finances.

We are interested in developing the identified sites because they are perfect for our strengths in development and because we believe the market and potential for the selected sites would provide a significant return to the City. Taking advantage of our development abilities of providing retail and housing in a mixed use, mixed income style that we have become a leader in.

The transit based urban location and green building techniques and materials that we will design into the developments will allow us to create the density and design that will enhance the vibrancy of the Morgan Hill Downtown. We believe the designs we are contemplating will not only complement but enhance Morgan Hill's ability to continue to attract the environmentally aware and fine culturally demanding inhabitants that will provide a building block for the City's further developments in the area.

Thank you for giving us the opportunity to present you with our response to the subject RFQ and our Plan for moving forward with an almost immediate timetable. We look forward to working with the Citizens and the City of Morgan Hill on this very important community project.

Morgan Hill Development Company, LP

A handwritten signature in blue ink, appearing to read "Ron Morgan", with a long, sweeping horizontal line extending to the right.

Ron Morgan, President

Table of Contents

Letter Of Interest (LOI)

Introduction And Overview

PART I

2.1	Background	1-2
2.2	Community Outreach and Local Presence	3-4
3.0	Proposed Sites And Project Concepts (general)	5-6
4.0	Developing Successfully	7-10
5.0	Demonstration of Financial Capacity (not included) (Sent directly to Keyser Marston Associates, Inc.)	-

PART II

6.0	Site D Project Concepts (detailed)	11-13
6.1	Site D Financials (detailed)	14-15
7.0	Site A Project Concepts (detailed)	16-18
7.1	Site A Financials (preliminary)	19-20
8.0	Development And Finance Timetable	21

APPENDICES

Appendix A	Projects Acquired or Developed
Appendix B	Relevant Projects
Appendix C	Team Member Letters of Interest
Appendix D	References

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

INTRODUCTION AND OVERVIEW

We are interested in two opportunity sites. Our first interest is Site D. We also are interested in Site A; however please understand we would be happy to be selected as the exclusive developer of Site D only and let others develop Site A and other sites that the City may designate. We are not interested in Site A alone, we question whether it can be financed in this market and economy at this time. We do believe that we can attach development of Site A to the development of Site D and both sites will enhance and increase the chances of success to Site A.

The City has created a vision for Site D, 225 to 280 mixed income residential units; Class A office space for lawyers servicing the recently completed South County Courthouse Complex including ancillary retail space, onsite parking for residents and persons using the adjacent VTA/Caltrain transit corridor, and ancillary shops to service the transit corridor use which we intend to include in our development.



Morgan Hill Downtown Development, LP Site A Vision

Looking ahead, the rendering above may be what the Site A Development looks like- we believe it is. We believe this is a very close interpretation of the vision that the City of Morgan Hill has presented. Our vision for Site A includes 40-60 Custom Quality Residential Units; Restaurant Space for a major family eatery such as Sonoma Chicken Coop, Olive Garden, Aquil' Fine Mexican Food, etc. Perhaps the area renowned Sinaloa Restaurant would relocate and become the anchor retail space; Ancillary shops to invite people to come downtown; A (Granada) theatre community and residential space; Onsite Parking; And perhaps an outlet for one or more of our 38 area wineries

City of Morgan Hill Downtown Development Opportunity

Morgan Hill Downtown Development, LP

December 14, 2009

- 2.1 Background
- 2.2 Community Outreach and Local Presence
- 3.0 Proposed Sites and Project Concepts
- 4.0 Developing Successfully
- 5.0 Financial Capacity (not included)

- Appendix A Projects Acquired or Developed
- Appendix B Relevant Projects
- Appendix C Team Members
- Appendix D References

2.1 BACKGROUND

Morgan Hill Downtown Development, LP (MHDC) is a private development entity created for the purpose of developing mixed use properties within the City of Morgan Hill. It's roots are based in an organization founded in the heart of California's Silicon Valley- Community Housing Developers (CHD).

Community Housing Developers (CHD), formed in 1979 is a non-profit organization located in San Jose, California. CHD has been a leader in developing mixed use developments combining mixed income housing solutions with commercial retail communities in San Jose, Cupertino and East Palo Alto. CHD has successfully completed every development that it has undertaken.

Many prominent people have been responsible for the success of CHD, Congresswoman Zoe Lofgren was one of the founder's and the first Executive Director. From that position the honorable Zoe Lofgren advanced her career as County Supervisor and current US Congressional representative representing San Jose. Ron Morgan is the 4th and current Executive Director of the Organization.

The honorable State Assemblyman Paul Fong is the current Chairman of the Board. Bob Brownstein is a current and long-time Board Member. State Treasurer and Gubernatorial candidate in 2007, Phil Angelides was associated with Tierra Encantada, a 93 residential unit above 8,600 square foot commercial-retail space development, located on Alum Rock Avenue in San Jose and put into service in 2005.

CHD has recently celebrated it's 30th anniversary and has successfully developed more than 2,000 units while assisting more than 10,000 families. CHD has constructed 368 for sale units and 687 rental units. In addition, CHD has acquired and rehabilitated 1,118 rental units throughout the Bay Area.

CHD currently employs 35 people in development, accounting and property management positions while we directly oversee an additional 30 on site managers and maintenance personnel

The more than 50 completed projects are impressive and diverse; ranging from it's first 45 units at Canoas Gardens Townhomes in San Jose to the 77 unit complex at Bay Road in East Palo Alto. CHD's projects range in size from a single unit to the 700 units in the El Rancho Verde Apartment complex in San Jose. In the recent years CHD has utilized a mixed use, mixed income development strategy to create vibrant communities. Three relevant projects are the Village at Stevens Creek; Tierra Encantada on Alum Rock and the Courtyard at Bay Road.

We created the model for the HUD Interest rate decoupling program which we successfully used in the acquisition and preservation of one of the largest residential rehabilitation developments (700 units) ever undertaken in the western United States.

Ron Morgan is the President and CEO of CHD and has been successful in bringing together a broad based coalition of community groups, churches, government agencies, concerned individuals, lenders and Investors for purposes of providing mixed use, mixed income developments.

CHD has developed an expertise in creating vibrant mixed use-mixed income properties throughout the Bay Area including for-sale, for rent, rent to own, senior, and special needs housing solutions incorporating relevant commercial-retail uses in a single development.

Not all of our developments are as complicated as the Morgan Hill Site A project but all are award winning or innovative. Our ability to understand the needs of the communities we work in plus the model we have developed has made CHD one of the five most successful nonprofit developers in the Bay Area.

Our projects are frequently ground breaking in energy design, sustainability and financing as judged by our peers and demonstrated in the many awards of recognition that we have accumulated. Our accomplishments allow CHD to partner with numerous private and public entities to provide vibrant mixed use communities.

Our partners include Kaufman and Broad Multifamily, Related Companies, Wachovia Securities, Barry Swenson Builders and Devcon Construction as well as industry leading architects, engineers and consultants.

Our success is evident in the nearly (50) fifty projects spread throughout the Bay Area from Pleasanton to Milpitas, Cupertino, Los Gatos, San Jose and East Palo Alto. Our ability to partner with major public and private institutions has given us access to major lenders, investors, public and private partners including the Redevelopment and Housing agencies of San Jose, Milpitas, Cupertino, Los Gatos, Los Altos, San Mateo County, Santa Clara County, East Palo Alto, Wells Fargo Bank, Wachovia Securities, JP Morgan, Kaufman and Broad, Simpson Housing Solutions, and Related Companies along with many others.

Our mission, history and capabilities make CHD capable and very interested in working with the City to create an environment and facilities that will take advantage of the strengths that have made us an industry leader and role model in the creation and use of public and private resources.

We are a low profile developer, which allows us to work effectively with both government and neighborhood entities.

Appendix A lists the properties that have been developed or acquired by Community Housing Developers over the past 30 years. The table identifies the name of the project, the management entity of the project, the number of units, the primary type of use, the development or acquisition category, the city that the project is located in and the date the project was put into service.

CHD has been active working in many communities and participates in a broad range of community based organizations and committees including the Mayor's Council for Housing (San Jose) and has received commendations from the Congress of the United States and the California State Legislature commending them for their contributions.

Page 2

2.2 COMMUNITY OUTREACH & LOCAL PRESENCE

Morgan Hill Downtown Developers, LP (MHDD, LLC) believes that a successful project is measured by it's contributions to the Community.

One of the greatest challenges put in front of a Developer is acceptance within the Community. Development of vibrant and viable downtown is a critical element of a community but represents only a portion of the entire community. Our commitments are as follows:

□ COMMUNITY OUTREACH

We start a Community Outreach Program on the first day of every project. Community Outreach is an extremely important task in developing a project. It is critical that the community understands and supports the project. We can acquire land, but if we build the wrong project, as determined by the Community, it will be extremely difficult, if not impossible, for the project to be successful.

Dennis Kennedy, former City of Morgan Hill Mayor, has been selected by MHDD, LP to lead our Community Outreach programs. We feel that Dennis, having served nearly 12 years as mayor, has demonstrated an excellent ability to work with the Community. In addition, his work since leaving office as Mayor exemplifies our culture of working within the community to achieve successful results.

Mr. Kennedy is a local resident of the Morgan Hill community.

□ LOCAL RESOURCES

We are committed to working with as many local resources as possible. During the Project Development Phase we identify every resource within the Community that can directly or indirectly benefit from the proposed project. We invite those businesses, civic leaders and interested community members to become aware of our projects. Resources that we find may have benefit from our project include:

- ✓ Local Housing Authorities and Affordable Housing Groups
- ✓ Public Libraries
- ✓ Public and Private Hospitals
- ✓ Public Law Enforcement and Fire Fighter Groups
- ✓ Local Business such as Food Service, Office Supply, Printing, Mail Services, etc.
- ✓ Local contractors, building material suppliers, and construction related service providers.
- ✓ Local Real Estate service providers.

✓ Local Special Interest Groups such as Association of University Women, Rotary International, Optimists, Disabled Veterans, Small Business Enterprise, Disadvantage Business Enterprise and Women Business Enterprise Groups.

□ LOCAL ENGINEERS AND DESIGNERS

To the greatest extent possible we are committed to identifying local Architects and Engineers that have the resources to participate in the Project. Preliminarily we have determined that there are minimally two Civil Engineering firms that are familiar with the RFQ and both have indicated that they have the resources available to commit to the project to meet the schedule. We feel both firms have a demonstrated record of performance to the City of Morgan Hill. The two firms are BKF Engineers, currently working on the Third Street Promenade project and MH Engineering. We have also identified Weston Miles Architects as an excellent local resource to work with us to translate the downtown vision into our development plan. Letters of interest from all three firms mentioned above are in Appendix C.

We have worked with Steinberg Architects, an award winning environmentally aware Architect from the Bay Area. We mention Steinberg since we recognize they have participated in similar projects in other areas and they have demonstrated an extraordinary ability to design projects similar to those that we will propose

□ DESIGN OVERSIGHT AND CONSTRUCTION MANAGEMENT

The design oversight and construction management will fall under the responsibility of Jensen Construction Management Services. Rich Jensen has a demonstrated ability to build projects for the Developer on-time and within budget, without conflict and with a level of fit and finish that exceeds expectation.

Rich has been a resident of Morgan Hill for 35 years.

Morgan Hill Downtown Development, LP will create a seamless relationship with the City and community. Bottom line we want to provide opportunities within the Morgan Hill community to the greatest extent possible, whether we are buying boxes of pencils or the services of local Architects and Engineers.

3.0 PROPOSED SITES AND PROJECT CONCEPTS

Our response to the RFQ falls into **two parts**:

PART I- Specifically responds to the RFQ. In Part I we will set forth our qualifications, experience and financial capabilities to be considered as the exclusive developer for **Sites D & A**. In those two sites we can create the same exciting mixed use, mixed income communities that we have successfully completed in other areas of the Silicon Valley.

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

PART II- In Part II we will lay out our exciting interpretation of the City's vision as it relates to Sites D & A.

SITE D- VTA/CALTRAIN TRANSIT CORRIDOR PARKING LOT

Our current vision for Site D includes a plan for 225 residential units; custom law offices and ancillary spaces to service the recently commissioned South County Courthouse; possible ancillary commercial retail space to service the existing transit corridor; residential, commercial and VTA/Caltrain parking and community open spaces. Our proposal for the development of Site D will include financial models to demonstrate the viability of the proposed development.

SITE A- DOWNTOWN MALL/GRANADA THEATRE BLOCK

Our current vision for Site A includes 40-60 residential units; space for a major food service (restaurant) and ancillary retail commercial spaces; retaining the existing Granada Theatre concept for use by the residential tenants and for use by the community; and residential and commercial retail parking.

Our vision for Site A is a little less developed on the financial model side but we have developed visual interpretations of what we think can be done on site A which we feel accurately interprets the City's vision. If awarded an exclusive developer agreement for Site A we will immediately undertake to refine the design and develop relative financial models.

TIME SENSITIVE TIME TABLE FOR MOVING FORWARD

Our Part II response to the RFQ is time sensitive. It requires a quick but doable timetable, which will allow the development to commence two or more years sooner than the current City outlined schedule will allow. **We have identified a current appetite from the lending and investment communities for a CHD project that likely will not exist if the appetite is immediately filled as we believe it will be.** We believe that the round 1 TCAC awards which are due in March 2010 will fill the lender and investor appetites and although a TCAC round 2 is scheduled in 2010 there will likely be few investors or lenders and many of the awards will be returned to the State (as they were in 2008-2009). We will discuss this timetable in detail in Part II.

Please join with us as we layout an exciting Part II response to the RFQ for the City and Communities consideration.

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

4.0 DEVELOPING SUCCESSFULLY

Community Housing Developers/Morgan Hill Downtown Development, LP (MHDD) brings its more than 30 years of experience as a developer to the City of Morgan Hill and the Morgan Hill Community.

Over the past 30 years we have successfully completed more than 50 projects representing more than 2,000 units. We have completed residential projects in a wide range of dwelling units including:

- ✓ Single family for sale.
- ✓ Apartments for rental- targeted to seniors, handicapped and families
- ✓ Market rate apartments
- ✓ Below market rate apartments
- ✓ Lease to own townhouse
- ✓ Condominiums- residential and commercial
- ✓ Townhouse- for rent and for sale

The type of project that we would develop in Morgan Hill would be determined by the need within the Community as determined by market study. Initially we have concluded that a large portion of the market is swinging towards Apartments and of course this is heavily influenced by the lack of funding sources for condominium type projects and limited funding for single family projects within the Silicon Valley urban areas. We understand apartments. We understand the development, construction and management of apartments, but recent changes in the market leads to an interest in developing a rental to ownership project, we would like to discuss this in further detail with the City of Morgan Hill, but most importantly we feel that the type of project should be determined by reaching out into the Community through a series of Town Hall Meetings and listen to what the Community says and build accordingly. One of our cornerstones to continued success has been derived by listening to the community. We have seen many projects done by others that were not successful because they did not listen to the community. It may have been the right project, but in the wrong location or at the wrong time. We have facilitated hundreds of outreach and community meetings and we would like to bring our experience in this area to the Morgan Hill community.

The "yardstick" to measure a successful project

Every project that we have developed in the past 30 years has been successful. How do you measure success. Our success yardstick is:

- ✓ We develop what is needed within the community and every community has a slightly different need.
- ✓ We listen.
- ✓ The project enhances the community. It fits in and it displays a level of architectural appearance that improves the community.
- ✓ We constantly subject our ideas to the broadest group of peers possible- board of directors, banks, investors, agencies, etc.

- ✓ We provide space and resources for community programs within the project not just for the tenants- we integrate into the community.
- ✓ We build environmentally and family friendly.
- ✓ We return a reasonable profit to the project investors.
- ✓ We build again

OUR MISSION AND COMMITMENT

Our role as a developer is defined by our charter. We exist to provide mixed use, mixed income properties to service people and communities that are otherwise under served. Most often we accomplish this by building a new project, by entitling raw land. Sometimes we accomplish it by buying an existing project. The need has been high within the Bay Area for the past 30 years and the Silicon Valley continues to be our core geographic area.

As a land developer we understand the socio-economic needs that create our existence and purpose for existing.

VALIDATE THE NEED, ACQUIRE THE LAND AND FORM PARTNERSHIPS

Our role as a Developer begins by doing market research to validate the need. We work closely within the community, with multiple groups and organizations of people that represent the cross section of the community. We work collaboratively to identify a need then we lay out what we can provide.

Once the need has been validated several things occur. We focus on community outreach to assure that we build the right project, the project that best fulfills the needs of the community. We host, sponsor and facilitate series of community meetings. We lay out our vision and we invite participation and we adjust our plans in response to what we learn.

Very important partnerships are beginning at this point to be put together. These partnerships are critical to the success of the project.

TYPES OF PROJECT AND OWNERSHIP

Our focus going into the front end of a project is wide open. The community will dictate many aspects of a project and we have the ability to deliver many different types of project. The type of ownership is one of the first most important questions to get settled. Types of ownership include:

- ☐ Mixed Use
- ☐ Residential Rental
- ☐ Rent-To-Own
- ☐ For Sale- Condominium, Townhouse or Stand Alone

If selected, one of the first tasks is to build an effective community outreach program and early on settle the type of development and the type of ownership.

Residential Rental

CHD has acquired and rehabilitated 1,118 for rent units and developed 619 units in the past 30 years. Over the years, it turns out that the majority of projects that we have developed are rental. We typically build a project to hold it, but sometimes we build to sell- each project has it's own needs. The development scenario, in order to be successful relies upon guessing right the needs of the community.

During the past 5 years, interest rates and lending factors have been such that many families have been able to qualify for home ownership. That is changing as interest rates continue to go up more families will be locked out of home ownership. Other factors that affect ownership are the cost of land and the cost of construction- both of those costs have risen significantly in Morgan Hill over the past 5 years.

RENT-TO-OWN

We believe the City of Morgan Hill should look closely at this ownership option. This concept has existed for a long time, but the market conditions need to be right in order for it to work. We are approaching a point in the market where the conditions are right.

FOR SALE

CHD has constructed 368 for sale units in the past 30 years. A for sale project may be the right project for Morgan Hill- further research, market conditions and community need will bear out whether a for sale project would be successful. While we have made many trips into the Morgan Hill community since the RFQ was released we have learned that there is a seemingly high demand from local citizens that would like to retire their lawnmowers and move into a vibrant downtown community. We will immediately attempt to validate this desire and we will work with our lenders and investors to try and identify funding sources to fill this currently unfilled demand.

MIXED USE

Whereas most of our projects are strictly housing related, we sometimes develop a mixed use project. We recently developed a project in East San Jose, Tierra Encantada (see "relevant projects below for a description of this project). The community not only had a need for housing, but needed commercial space. We built three stories of housing units over a parking garage (A Podium) and provided 8,000 square feet of commercial space along the main street frontage. We condominiumized the commercial space, separated it from the housing part of the project and sold it off. CHD sold the commercial space. Washington Mutual put in a community bank to service our tenants and people living in the area, the first new bank branch in this area in many years.

Another project on Stevens Creek Blvd in Cupertino was a similar development deal. As a part of the Development we provided Commercial space next to the Residential Units. We sold off the Commercial space. Both projects have some shared spaces such as driveways, utilities and trash enclosures.

The City of Cupertino indicated to us that this is the mixed use that the area needed and we built the project accordingly.

We then need to effectively acquire land. We have tools to assist us in this effort. We have the ability to attract investors thru the sale of "tax credits", and we have the support of government agencies who we quite frequently partner with in one form or another. It is not uncommon for a Government entity to put up the land for a project, akin to what is transpiring in this deal either in lease or sale.

Adding to our development capability we have well established retail and commercial partners in addition to lenders and investors

We have selected four relative projects that we have developed.

Tierra Encantada
Courtyard At Bay Road
Canoas Terrace
Village at Willow Glenn

See Appendix B for a description of the four relative projects

PART II- DEVELOPER PROPOSAL

- 6.0 Site D- Project Concepts
- 6.1 Site D- Financials
- 7.0 Site A- Project Concepts
- 7.1 Site A- Financials
- 8.0 Development And Finance Timetable

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

6.0 SITE D- PROJECT CONCEPTS

PROJECT DESCRIPTION FOR SITE D

Morgan Hill Downtown Development, LP/Community Housing Developers (MHDD/CHD) is a San Jose based company that specializes in near-zero energy green building. We at MHDD/CHD have been building green since 1999. We would like to continue our tradition of building highly energy efficient, award winning, environmentally friendly buildings by developing Site D in the City of Morgan Hill Downtown Development Opportunity program.

Site D is currently a parking lot and staging area for the Caltrain/VTA transit station. We envision a Pedestrian and Transit Oriented District (PTOD),

We plan to offer personal services (retail, commercial and professional offices) on the ground floor and residential units on the podium above. MHDD/CHD desires to develop this site in a way that compliments nearby businesses, residences and transportation hubs.

The City bird's eye view of this site serves as a starting point to visualize the development that we plan. Imagine if you will the proposed design. The design is intended to conform to the guidelines and requirements of the City of Morgan Hill.

Effort has been made to make the project an attractive addition to Butterfield Avenue and the surrounding neighborhood. Close access to public transportation will make both the residential units and the personal services business easily accessible by public transportation.

Ground Floor

The ground floor consists of 1500 square feet of commercial space utilized for personal services ancillary to the transportation hub services and 10,000 square feet of Grade A office space for law offices and ancillary uses to service the new South County Courthouse located to the south of Site D. The garage floor is 3' below grade. The parking area is reached via the elevator, the residential entry lobby, the private driveway, and the personal services rear entrance. The personal services commercial area can be reached directly from the front sidewalk as well as via stairs from the garage.

All parking that is required by code is provided. Open air grilles at the garage ceiling, rear wall, and front entrance bring light and fresh air into the garage to supplement and help to reduce the code required mechanical ventilation and lighting.

Bicycle parking is also provided with bicycle lockers on the ground floor.

The commercial and office space has windows at the front of the unit. The commercial space can be accessed directly from the sidewalk at the front of the building. The rear of the commercial space is accessible via stairs. The commercial unit has one accessible unisex restroom. The commercial space has a storage area in the back of the unit. Trash, utility, mechanical, recycling and some ground floor storage spaces are shared with residential units.

Two sets of stairs connect the ground floor to the residence plaza level. Both sets of stairs connect to the sidewalk at street level. The two sets of stairs are set at opposite ends of the property. Additionally, an elevator allows access to the plaza level of the residences from the garage. Separate residential and commercial keying of entrances will restrict access according to occupant.

Plaza Level

The plaza is located one floor above the garage. The plaza is open in the center with four loft style residential buildings, one in each quadrant of the plaza. Gardens, planters, patios and the open plaza area create open space for the residents. Four sets of stairs connect the plaza level with the ground floor along with an elevator in each tower building. An open air grill at the plaza level gives light to the garage below. A trash/recycling chute gives residents access to the collection area located on the ground floor.

Residential Units

225-280 residential units are situated at the plaza level. A courtyard separates all four units and each

Architectural Style

The architectural style for the project is yet to be determined but the design will be coordinated to and compliment the design of other downtown Morgan Hill parcels.

The project incorporates many ecologically friendly components and incorporates them in a functional and attractive manner.

Green Features

MHDD/CHD takes a sustainable approach to building all of its projects. This project is likely to employ many of the following sustainable practices and products.

- Recycling of 85% of Construction Waste
- Recycle 100% of Demolished Materials (asphalt, base, concrete, rebar, vegetation)
- High Efficiency Heating and Cooling Systems
- Passive & Mechanical Ventilation for Indoor Air Quality
- Plentiful, well oriented Daylighting
- East/West & Vertically Oriented Operable Windows for Passive Ventilation
- Solar Hot Water Heating
- Tankless or High Efficiency Water Heaters
- On-Demand Hot Water Recirculation Pumps
- Photovoltaic Panels on Roofs
- Solar Hot Water Panels on Roofs
- South Oriented Roofs for Solar Efficiency
- Drought Tolerant Landscaping
- Radiant Barrier Roofing
- Use of Fly Ash in Concrete
- Use of Recycled Rebar
- Structural Insulated Panels (SIP) at exterior walls
- Heat Dissipating Roof Technologies
- Low-E Windows with Sun Shade Awnings Above
- 15% or Better Improved Energy Performance above Title-24 Energy Compliance Requirements

MHDD/CHD feels that the proposed project will be a welcome addition to Downtown Morgan Hill. We have been careful to accommodate the City of Morgan Hill's requirements into the proposed project.

The personal services portion of the project enhances the business atmosphere of the area and the residential portion offers housing that is close to public transportation. The project will be built sustainably, is attractive and functional.

We appreciate the City's consideration of this project. We appreciate receiving all possible guidance on this project that will allow for a successful development.

This is our vision for the development of Site D Financials relative to the development that we propose follow in Part II Section 6.1

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

6.1 SITE D FINANCIALS

Through Design Development and in conjunction with input from the City, VTA, lenders and investors we will further refine the financing package. The following proforma (next page) is an example of one methodology that does work.

Please be aware that our conversations to-date with the financial community indicate there is a narrow window of opportunity to finance this package. We believe the existing factors dictate an early Spring financing capability and necessity. Future opportunities may not exist due to rising inflation, cost of materials, etc. all factors that contribute to an uncertainty if the project is not moved forward in the timetable that we have identified.

7.1 SITE D FINANCIALS contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

Site D Proforma (12-14-09)

Morgan Hill Development Site D					
Sources & Uses Of Funds Summary					
CONSTRUCTION FINANCING					
SOURCES		USES			
					Per Unit
Developer Equity	0	Acquisition		4,192,500	18,633
City	6,000,000	Construction		38,040,434	169,069
County of Santa Clara	0	Building Permits, Fees, Public Works		1,950,900	8,671
Multi-Family Program (State)	0	Architect & Engineer		1,435,959	6,382
Federal Home Loan Bank	0	Consultants		62,500	278
Tax Credit Equity	0	Title/Recording		75,000	333
Bond Financing	0	Property Tax		102,500	456
Construction Loan	41,924,885	Insurance		250,000	1,111
		Legal		0	0
		Marketing		100,000	444
		Soft Cost Contingency		79,537	353
		Developer Fee		0	0
		TCAC Fees		0	0
		Construction Finance Cost		1,635,555	7,269
		Reserves		0	
		Bond Issuance		0	
TOTAL SOURCES	47,924,885	TOTAL USES		47,924,885	212,999
PERMANENT FINANCING					
SOURCES		USES			
Developer Equity	0	Construction Conversion		47,924,885	212,999
City	6,000,000	Developer Fee		2,500,000	11,111
County of Santa Clara	0	Permanent Finance Cost		273,367	1,215
Multi-Family Program (State)	0	Reserves		572,654	2,545
Federal Home Loan Bank-Grant	0				0
Tax Credit Equity	0				0
Bond	0				0
Conventional	45,270,906				0
Gap Financing					0
TOTAL SOURCES	51,270,906	TOTAL USES		51,270,906	227,871



Vision- Site A Development

Morgan Hill Downtown Development, LP
12-14-09

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

7.0 SITE A- PROJECT CONCEPTS

PROJECT DESCRIPTION FOR SITE A

The development approach to Site A will incorporate the same or similar near-zero energy green building design concepts that are envisioned for Site D (see 6.0 Site D- Project Concepts). We would like to continue our tradition of building highly energy efficient, award winning, environmentally friendly buildings by developing Site A in the City of Morgan Hill Downtown Development Opportunity program.

We plan to offer personal services (retail, commercial and professional offices) on the ground floor and residential units above. MHDD/CHD desires to develop this site in a way that compliments nearby businesses, residences and transportation hubs.

The City bird's eye view and renderings for this site serves as a starting point to visualize the development that we plan. We took the City's vision and we developed an early study elevation that is our interpretation of that vision. The design is intended to conform to the guidelines and requirements of the City of Morgan Hill.

Effort has been made to make the project an attractive addition to the downtown and the surrounding neighborhood. Close access to public transportation will make both the residential units and the personal services business easily accessible by public transportation.

Ground Floor

The ground floor consists of commercial space developed for a major anchor restaurant use that will be the major attraction to the downtown. Other commercial ancillary spaces will be provided for a wide variety of exciting unique shops. The parking area is reached via an elevator, the residential entry lobby, the private driveway, and the personal services rear entrance. The personal services commercial area can be reached directly from the front sidewalk as well as via stairs from the garage. All parking that is required by code is provided.

Bicycle parking is also provided with bicycle lockers on the ground floor.

The commercial and office space has windows at the front of the unit. The commercial space can be accessed directly from the sidewalk at the front of the building. The rear of the commercial space is accessible via stairs. The commercial unit has one accessible unisex restroom. The commercial space has a storage area in the back of the unit. Trash, utility, mechanical, recycling and some ground floor storage spaces are shared with residential units.

The existing Granada Theater use will be preserved to serve the residential tenants and members of the public. We envision a theater type environment with a screen for showing movies and a stage for live performances.

Plaza Level

The plaza is located one floor above the commercial level. The plaza is open in the center. Gardens, planters, patios and the open plaza area create open space for the residents. Four sets of stairs connect the plaza level with the ground floor along with an elevator. An open air grill at the plaza level gives light to the restaurant below. A trash/recycling chute gives residents access to the collection area located on the ground floor.

Residential Units

40-60 market rate upscale quality residential units are situated above the commercial ground level.

Architectural Style

The architectural style for the project is yet to be determined but the design will be coordinated to and compliment the design of other downtown Morgan Hill parcels. We believe the design that we have depicted in the attached rendering captures the City and community vision for Site A.

The project incorporates many ecologically friendly components and incorporates them in a functional and attractive manner.

Green Features

MHDD/CHD takes a sustainable approach to building all of its projects. This project is likely to employ many of the following sustainable practices and products.

- Recycling of 85% of Construction Waste
- Recycle 100% of Demolished Materials (asphalt, base, concrete, rebar, vegetation)
- High Efficiency Heating and Cooling Systems
- Passive & Mechanical Ventilation for Indoor Air Quality
- Plentiful, well oriented Daylighting
- East/West & Vertically Oriented Operable Windows for Passive Ventilation
- Solar Hot Water Heating
- Tankless or High Efficiency Water Heaters
- On-Demand Hot Water Recirculation Pumps
- Photovoltaic Panels on Roofs
- Solar Hot Water Panels on Roofs
- South Oriented Roofs for Solar Efficiency
- Drought Tolerant Landscaping
- Radiant Barrier Roofing
- Use of Fly Ash in Concrete
- Use of Recycled Rebar
- Structural Insulated Panels (SIP) at exterior walls
- Heat Dissipating Roof Technologies
- Low-E Windows with Sun Shade Awnings Above
- 15% or Better Improved Energy Performance above Title-24 Energy Compliance Requirements

MHDD/CHD feels that the proposed project will be a welcome addition to Downtown Morgan Hill. We have been careful to accommodate the City of Morgan Hill's requirements into the proposed project.

Page 17

The personal services portion of the project enhances the business atmosphere of the area and the residential portion offers housing that is close to public transportation. The project will be built sustainably, is attractive and functional.

We appreciate the City's consideration of this project. We appreciate receiving all possible guidance on this project that will allow for a successful development.

This is our vision for the development of Site A Financials relative to the development that we propose follow in Part II Section 7.1

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

7.1 SITE A FINANCIALS

Through Design Development and in conjunction with input from the City, VTA, lenders and investors we will further refine the financing package. The following proforma (next page) is an example of one methodology that does work.

Please be aware that our conversations to-date with the financial community indicate there is a narrow window of opportunity to finance this package. We believe the existing factors dictate an early Spring financing capability and necessity. Future opportunities may not exist due to rising inflation, cost of materials, etc. all factors that contribute to an uncertainty if the project is not moved forward in the timetable that we have identified.

7.1 SITE D FINANCIALS contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

Site A Proforma (12-14-09)

Morgan Hill Development Parcel A				
Sources & Uses Of Funds Summary				
CONSTRUCTION FINANCING				
SOURCES			USES	
Developer Equity		0	Acquisition	992,500
City		4,000,000	Construction	14,658,525
County of Santa Clara		0	Building Permits,Fees, Public Works	696,240
Multi-Family Program (State)		0	Architect & Engineer	549,600
Federal Home Loan Bank		0	Consultants	62,500
Tax Credit Equity		0	Title/Recording	75,000
Bond Financing		0	Property Tax	102,500
Construction Loan		15,159,137	Insurance	250,000
			Legal	0
			Marketing	100,000
			Soft Cost Contingency	36,717
			Developer Fee	0
			TCAC Fees	0
			Construction Finance Cost	1,635,555
			Reserves	0
			Bond Issuance	0
TOTAL SOURCES		19,159,137	TOTAL USES	19,159,137
PERMANENT FINANCING				
SOURCES			USES	
Developer Equity		0	Construction Conversion	19,159,137
City		4,000,000	Developer Fee	1,250,000
County of Santa Clara		0	Permanent Finance Cost	273,367
Multi-Family Program (State)		0	Reserves	569,189
Federal Home Loan Bank-Grant		0		
Tax Credit Equity		0		
Bond		0		
Conventional		17,251,693		
Gap Financing				
TOTAL SOURCES		21,251,693	TOTAL USES	21,251,693

8.0 DEVELOPMENT AND FINANCE TIMETABLE

Throughout the proposal we have discussed the time-sensitivity of our proposal to the City. We have indicated that there is a current appetite with lenders and investors known to CHD to commence a development project within the first 2010 TCAC round. Although there is a round 2 scheduled later in the 2010 year, we believe the investment and lending appetites will be greatly reduced if existent. If the developer fails to submit in round one a few years could pass before a next funding opportunity may arise.

The timetables that are critical are as follows:

January 5, 2010	Letter of Intent from the City to Negotiate an Exclusive Developer Agreement subject to City Council approval.
January 18, 2010	City Council/RDA action upon Exclusive Developer Agreement.
January 19, 2010	Commence bi-weekly design meetings between developer and City staff.
January 25, 2010	Commence community outreach meetings. Hold 2 meetings between January 25, 2010 and March 1, 2010.
March 25, 2010	Submit TCAC application for round one tax credits. Includes 65% drawings.

Part II contains marketing and business strategies of Community Housing Developers/Morgan Hill Downtown Development, LP and is therefore protected and not discoverable by any parties outside of the immediate persons employed within the City of Morgan Hill, which includes and is limited to; The City Manager's office; City relevant staff and members of the City Council and RDA.

APPENDIX A- PROJECTS ACQUIRED OR DEVELOPED

APARTMENT/RENTAL						
PROPERTY	MANAGER	UNITS	TYPE (3)	CATEGORY (4)	CITY	DATE COMPLETED
Adams	PMS (2)	4	S/F	A/M	Milpitas	1988
Almaden Family Apts.	PMS	225	F	D/M	San Jose	2008
Beardon	PMS	8	F	A/M	Cupertino	1994
Bridgeport	PMS	28	F	A/M	San Jose	1990
Canoas Terrace	FPI	112	F	D/M	San Jose	1997
Cape Cod Court III	PMS	28	F	A/M	San Jose	1991
Chateau	PMS	25	F	A/M	Santa Clara	1994
El Rancho Verde	GP	700	F	A/M	San Jose	2002
Fairview	PMS	4	S/F	A/M	Los Gatos	1986
Hamilton	PMS	8	F	A/M	Campbell	1989
Los Gatos Creek Village	PMS	12	F	D/M	Los Gatos	2001
Main street (Sumerset)	PMS	43	F	A/M	Santa Clara	1992
Pacific Plaza	PMS	38	F	A/M	Sunnyvale	1996
Park Circle I	PMS	8	S	A/M	Cupertino	1988
Peacock	PMS	28	F	A/M	Santa Clara	1996
Stevens Creek Village I	PMS	40	MU	D/M	Cupertino	1997
The Courtyard at Bay Rd	PMS	77	MU	D/M	E. Palo Alto	2006
The Grove	PMS	40	F	D/M	San Jose	1993
The Meadows	PMS	41	S	D/M	San Jose	1992
The Village At Willow Glen	Related	133	S/F	D/M	San Jose	2002
Tierra Encantada	FPI	93	MU	D/M	San Jose	2005
Willard Avenue III	PMS	20	F	A/M	San Jose	1988
Willow I	PMS	10	S	A/M	San Jose	1984
Willow II	PMS	12	F	M	San Jose	1987
TOTAL		1,737				

SINGLE FAMILY/TOWNHOUSE						
PROPERTY	MANAGER	UNITS	TYPE	CATEGORY	CITY	DATE COMPLETED
Canoas Gardens	Not Applicable	45	MU	D	San Jose	1983
Palmwood Terrace	Not Applicable	12	F	D	San Jose	1986
Oakland Avenue	Not Applicable	13	F	D	San Jose	1989
Rosebay	Not Applicable	18	F	D	San Jose	1989
Los Suenos	Not Applicable	46	F	D	San Jose	1995
Tierra Encantada	Not Applicable	12	MU	D	San Jose	2007
TOTAL		146				

JOINT VENTURE DEVELOPMENTS						
PROPERTY	UNITS	TYPE	CATEGORY	CITY	DATE COMPLETED	
Adults Independent Project	2	H	T	Cupertino	1987	
Below Market- Town of Los Gatos	23	F	T	Los Gatos	1989-1998	
Below Market- City of Los Altos	29	F	T	Los Altos	1995-2004	

City of Morgan Hill Downtown Development Opportunity

Morgan Hill Downtown Development, LP

December 14, 2009

Below Market- City of Pleasanton	11	F	T	Pleasanton	1993-1994
Below Market- City of Santa Clara	50	F	T	Santa Clara	1996-2004
Monterey Glen	95	SRO	T	San Jose	1996
Valley Independent Project	2	H/F	T	San Jose	1984
Scattered Sites	7	F	D	San Jose	1989
TOTAL	219				

TABLE NOTES:

(1) Not used

(2) PMS Property Management Services. A wholly owned subsidiary of Community Housing Developers.

(3) TYPE:

F= Family
S= Senior
S/F= Mixed Senior and Family
H= Handicap
SRO=
MU= Mixed Use

(4) CATEGORY:

A= Acquired
D= Developed
M= Manages
T= Technical Assistance

APPENDIX B- RELATIVE PROJECTS

Four relative projects:



TIERRA ENCANTADA, SAN JOSE, CA.

Located in the mid-Alum Rock Avenue area of East San Jose, the site was designed specifically as a transit-oriented, high density, mixed-use, complex containing 93 1-4 bedroom units in a distinctive Spanish Revival style to compliment the nearby Mexican Heritage Plaza. The constraint of increasing densities along a major transit line while fitting into an existing neighborhood of small cottages was achieved by constructing a 3-stories over podium building with the Alum Rock Avenue facade containing 7,600 sq ft of commercial space and the south and west facades containing 10 grade level units with individual stoops and patios. The units above podium are constructed in 5 separate breezeway-connected buildings around a plaza containing picnic area, children's tot-lot, community room and computer center. With its wide variety of floor plans, highly articulated roof lines and purposeful use of ornament, the development achieves its goal of being an urban village.

Secured parking under the podium is commercial parking during business hours for 44 spaces that adds to tenant parking overnight.

The results of the plan are so admired by the City that the design has become the bench mark for all future developments in the area.



COURTYARD AT BAY ROAD, EAST PALO ALTO, CA.

Located in central East Palo Alto as the arch-type of a proposed revitalized higher-density core, the site is a 3-story over podium, 100% affordable, multi-family development providing 77 one, two, three and four bedroom apartments. The objective of increasing densities and raising the level of the city's urban design while providing spacious affordable units filled with natural light was accomplished utilizing nine-foot ceilings, generous single-hung and picture windows, and private patios and balconies centered on a signature courtyard that provides substantial interior sunlight and features a tot-lot, picnic area, and secured open space. The multiple community rooms, manager's office, computer center and dramatic 4-story glazed lobby provide the street front activity and visual interest that reinforce a pedestrian connection to the City's future "Main Street".

Already the development has become a community landmark creating architectural distinction and identity with its lofty roof "bonnets" supporting the building's integrated photovoltaic panels and strengthening the rhythmic interplay of structural forms. The use of warm materials and textures reinforce a fresh residential vocabulary setting a new standard for the revitalization of the neighborhood in the form of affordable rental apartments at a density befitting the planned city center's major boulevard.



CANOAS TERRACE, SAN JOSE, CA

Located in San Jose, Canoas Terrace highlights the smart growth principles paramount to a lively and sustainable Silicon Valley. This beautiful Mediterranean style apartment offers 112-Two, Three and Four bedroom units. Canoas Terrace provides easy access to the light rail station only ¼-mile, this enables residents to quickly and easily access the VTA light rail system, and connect to CalTrain, and all residents receive free VTA ECO Bus and light rail. Residents have the comfort of a short ten-minute commute to both downtown San Jose and Blossom Hill/Santa Teresa job centers on light rail. Canoas Terrace is located within the City of San Jose urban service boundary, and ½-mile from the recently renovated Willow Glen Plaza shopping center. This location enables residents to frequent restaurants and the movie theatre, grocery shop, and visit various other stores- all as pedestrians.

Canoas Terrace compliments its diverse neighborhood. Just over the hill, where young residents attend Canoas Elementary, is a traditional, low-density suburban housing tract. Canoas community boasts 42 units per acre and proves that higher density can still be comfortable, livable and desirable!

Canoas Terrace offers residents reserved underground secured gated parking, a recreational clubhouse, playground, and onsite staff with 24-hour emergency maintenance. Canoas Terrace is also in close proximity to Willow Glen's excellent schools.



VILLAGE AT WILLOW GLEN

Willow Glen Senior Apartments is a 133 unit affordable senior complex located in an established single family neighborhood in the desirable greater willow glen area of San Jose. The complex compromising two three-story stucco buildings of 75 units and 58 stretches across two parcels that are separated by Willow Glen Way which bisects the properties.

The 121 one bedroom / one bathroom units are approximately 557 square feet in size whereas the 12 two bedroom / one bathroom units are approximately 764 square feet in size.

Unit amenities include heating and air conditioning, garbage disposals, modern designed kitchens with frost free refrigerators and microwaves, stylish bathrooms and ample closet space.

Common area amenities include a large community room with kitchen and appliances walking path, gardens and spa. A shuttle van is also be available to tenants who wish to shop or run errands.

APPENDIX C- TEAM LETTERS

We have begun to assemble a team of consultants that will be used for the development of Sites D&A. Team members currently onboard are:

Steinberg Architects
Weston-Miles Architects
Dennis Kennedy Consulting
MH Engineering
BKF Engineering
Jensen Construction Management Services
Byldan
EID Architects

Letters from the selected consultants follow (following pages):

December 11, 2009

Ronald Morgan, President
Community Housing Developers
255 North Market Street, Ste. 290
San Jose, CA 95110

Dear Ron:

Thank you for the opportunity to dialogue with you on the development opportunity in the City of Morgan Hill. I am personally excited to be part of your development team to respond to the city's Request for Proposal. I have enjoyed the positive relationship with you and continue to admire the quality of development that company has espoused over the years.

As you are aware, my father founded Steinberg Architects in the 1950's on the basis of providing design solutions to communities here in the Silicon Valley. We have been blessed with the trust that our partners and clients have of our firm's design capabilities and the collaborative nature our innovative project team brings to every project.

As leaders in the master plan and design of mixed-use urban infill projects, our practice is focused on creating sustainable living environments that serve as a catalyst for further economic activities of the area. In so doing, our design of these mixed-use projects reflects the character, personality, and scale of the particular locality while maximizing the benefits of the stakeholders involved. Our success in this effort could be seen in communities throughout the Silicon Valley, including San Jose, Palo Alto, Sunnyvale, Campbell, Los Gatos, and beyond.

After reviewing what the City of Morgan Hill aspires to achieve through the four sites it wishes to develop through this RFP, I am excited about the design opportunity this project will provide. The notion of combining retail, commercial, and social spaces with living quarters to create an active, pedestrian-friendly, and festive atmosphere that result in a destination for both tourists and locals is what my firm has successfully created in other communities. I am confident my talented team of designers and I could assist your development team to create a project that will bring about the synergy the City seeks to further enliven its downtown core.

I look forward to further collaboration with you and your colleagues on this exciting development opportunity.

Sincerely,



Robert T. Steinberg, FAIA
President



WESTON MILES ARCHITECTS^{INC}

17500 Depot St. Suite # 120 Morgan Hill, CA 95037-3642
408 • 779 • 6686 • fax • 408 • 778 • 9417 • www.wmarchitects.com

December 11, 2009

Redevelopment Agency
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

On behalf of Weston Miles Architects, we thank you for this opportunity to help support the development proposal by Community Housing Developers (CHD)/Morgan Hill Development Company, LP.

The developer's intent to work with a local architect is to be applauded. Local architects are personally invested in their neighborhoods and bring a higher level of care and commitment to redevelopment projects. Using a local architect results in community-sensitive design; it also increases grassroots public enthusiasm through the architect's personal relationships with fellow business owners and residents. Further, by selecting an architect with prior experience in redevelopment in Morgan Hill, CHD/MHDC will bring to the table a proven team with the municipal experience needed to expedite approval and permitting processes.

WMA has met with Ron Morgan and Rich Jensen to discuss and examine their portfolio and proposal. Their experience and business practices lead us to believe they will make an excellent team player and a capable, qualified developer for the thoughtful evolution the City of Morgan Hill is planning for our burgeoning downtown.

Sincerely

Charles Weston, AIA
Principal

c.to: Ron Morgan, President Community Housing Developers/Morgan Hill Development Company

Dennis Kennedy, P.E.
Engineering and Planning
1942 Alta Mesa Ct.
Morgan Hill, CA 95037
408 779-7758

December 11, 2009

Ron Morgan, President
Community Housing Developers,
Morgan Hill Development Company LLC
255 North Market St. Ste. 290
San Jose, CA 95110

Dear Ron:

Thank you for the opportunity to work with you on an exciting opportunity for Downtown Morgan Hill. As you know, building a thriving, viable downtown has been a passion of mine for many years. It is one of the unfinished goals of mine and of many of us who live in Morgan Hill. We all want to see our downtown become an even more successful gathering place and heart of the Morgan Hill Community.

Over my many years of public service in the Morgan Hill Community I have built relationships and friendships with many in the community. I am pleased to offer my time and talent to your team in presenting your projects to the community and in building community support for their success from inception to completion.

In my meetings with you, your staff and your team partners, I have been impressed with your team, the successful projects you have completed and the proposal you will be submitting to the City of Morgan Hill.

I look forward to working with you and your team to bring your proposal to fruition in downtown Morgan Hill.

Sincerely:

A handwritten signature in cursive script that reads "Dennis Kennedy". The signature is written in dark ink and is positioned above the printed name.

Dennis Kennedy

16075 Vineyard Blvd.
P.O. Box 1029
Morgan Hill, CA 95038
(408) 779-7381 / 226-3050
(408) 226-5712 Fax



MH engineering Co.

225 Sixth Street, Suite B
Hollister, CA 95023
(831) 637-1645
Fax (831) 637-3412

December 7, 2009

Mr. Ronald Morgan
Mr. Rich Jensen
Community Housing Developers
255 N. Market Street, Ste 290
San Jose, CA 95110

Subject: City of Morgan Hill
Request for Qualification (RFQ)

Dear Ronald and Rich,

Thank you for this opportunity to provide you with this letter of qualification and your invitation to join your "Team" to provide quality and expeditious engineering services to compliment your experienced development group.

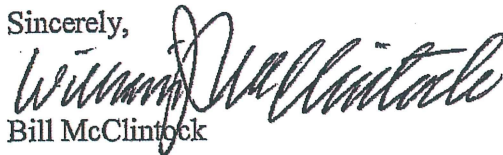
As you know our company, MH Engineering, has been locally owned and operated since 1975, nearly 35 years. We have been part of and seen Morgan Hill growth from 10,000 population to nearly 40,000. MH Engineering Company has served the local development community with reliable, accurate, and expeditious planning and engineering work. We have employed as many as fifty (50) employees, many local residents and currently have approx. 15 of the most qualified as a result of the downturned economy.

Our local experience will help you solve the infrastructure issues related to the downtown area including drainage. Much of the downtown is located in the floodplain of West Little Llagas Creek. MH Engineering can propose solutions to remove much of the flooding in the downtown without the need to complete all of the PL 566 improvements through the downtown.

MH Engineering is prepared to bring our staff back to full time employment in order to meet the tight schedule that you have represented.

Thank you again for your invitation and I look forward to a successful and lasting relationship with your company.

Sincerely,



Bill McClintock



ENGINEERS
SURVEYORS
PLANNERS

December 11, 2009
Job No. 20096091

Mr. David Heindel
Assistant to the City Manager for Downtown Revitalization
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

Dear Mr. Heindel,

I'm writing this letter to inform you of BKF Engineers intent to assist Community Housing Developers in their effort to pursue the Downtown Morgan Hill Developer RFQ. We have successfully worked with CHD throughout the Bay Area and we are excited to be part of their team on this exciting endeavor.

As you may already know, BKF was responsible for the Depot Street Streetscape improvements as well as the on-going Third Street Promenade. We also recently entitled a mixed-use development in Morgan Hill that is proceeding into the building permit stage.

Thank you for your consideration. I look forward to working with you and CHD in this first step towards revitalizing the downtown core.

Very truly yours,
BKF Engineers

Scott Schork, P.E.
Principal/Vice President

CC: Rich Jensen, Community Housing Developers



Code Analysis Value Engineering Construction Management Program Management Constructability Reviews Estimating

December 14, 2009

Community Housing Developers
Morgan Hill Downtown Development, LP
Ron Morgan, President
255 North Market Street Suite 290
San Jose, CA 95110

Re: Downtown Morgan Hill Development Opportunity- Sites D&A

Dear Mr. Morgan:

We look forward to another opportunity to provide various construction management services to support the mixed-use development efforts of Community Housing Developers for the Morgan Hill Downtown Development opportunity.

We will work seamlessly with your development team to assure that the project designs fit within the budgets that are established by Community Housing Developers and the project lenders and investors and we will assist the team to maintain schedules while the designs are developed into working drawings.

During construction we will manage the field construction as your field representative to assure that the project stays on or ahead of schedule, within budget and that the project investors and Community Housing Developers obtain the fit and finish that they expect.

When the time is right we have a new service that we can offer, it is referred to in the industry as BIM- Building Information Modeling. We would like to introduce your team to BIM. We can provide a three dimensional model for your projects. These models assist busy executives, investors, lenders and others to quickly visualize the designs of complex projects. It is also an excellent tool for your community outreach team.

We are local to Morgan Hill and we appreciate the opportunity to work with you on projects local to our place of business.

JENSEN CONSTRUCTION MANAGEMENT SERVICES,

Rich Jensen
Rich Jensen, President

P.O. Box 1773
Morgan Hill, CA 95038
408-828-4023 (cell)
rajensen@joimail.com



December 14, 2009

Ron Morgan, President
Community Housing Developers
Morgan Hill Downtown Development, LP
255 North Market Street Suite 290
San Jose, CA 95110

Re: Downtown Morgan Hill Development - Site D

Dear Ron,

Thank you for providing Byldan Corporation, General Contractor, with the opportunity to participate as a team member for the downtown Morgan Hill development opportunity.

For over 15 years, Byldan Corporation has been an industry leader in high performance, green construction. We pride ourselves on our commitment to building sustainable communities that utilize green building technologies and energy efficient systems. We strive to continually improve our products and construction methods. Combining quality construction with green building technologies allows us to deliver an attractive end product that stands up to the test of time.

Our construction team has over 100 years of combined experience with the development and construction of thousands of housing units, including mixed-use, apartment homes, condominiums, light commercial, and single-family detached products.

Our experience, innovation and layers of supervision ensure that we deliver the highest quality product within budget and on time - without exception.

We greatly look forward to a continued collaboration with Community Housing Developers and helping you to achieve a successful project in Morgan Hill.

Respectfully submitted,

John Suppes

John Suppes
President



eco functional architecture

December 14, 2009

Ron Morgan, President
Community Housing Developers
Morgan Hill Downtown Development, LP
255 North Market Street Suite 290
San Jose, CA 95110

Re: Downtown Morgan Hill Development – Site D

Dear Ron,

Thank you for providing Environmental Innovations in Design with the opportunity to participate as a team member for the downtown Morgan Hill development opportunity.

Environmental Innovations in Design is a San Francisco Bay Area architectural firm specializing in sustainable design and zero-energy/green building construction technologies. We have extensive experience designing mixed-use projects and large apartment communities in the Bay Area. The company offers programming, site planning, design, construction documents, specifications, consultant coordination, and construction administration.

We look forward to starting the design process early next year. In the meantime, if you need any additional information, please do not hesitate to call me at 650-793-2856.

Very truly yours,

Stuart Welte, #974

Stuart Welte, AIA, LEED AP
Principal Architect

100 Meadowcreek Drive
Suite 220
Corte Madera, CA 94925
Tel 415.829.7436
Fax 415.829.7438
www.eidarchitects.com

APPENDIX D- REFERENCES

The following are references that are familiar with and have worked with CHD in the past:

Rebecca Koch

Wells Fargo Bank
Community Lending Division
420 Montgomery Street, 11th Floor
San Francisco, CA 94163
(415) 396-0976
(415) 392-1839 (fax)
kochrj@wellsfargo.com

Bill Davis, Managing Director

First Republic Bank
275 Los Gatos Saratoga Road
Los Gatos, CA 95030
(408) 399-8717
(408) 395-2237 (fax)
wdavis@firstrepublic.com

Paul Buckland, Vice President

Wachovia Securities
18300 Von Karmann Ave. Suite 450
Irvine, CA 92612
(949) 260-8077
(949) 260-8002 (fax)
Paul.buckland@wachovia.com

David Bopf, Division Manager-Production

San Jose Housing Dept.
200 East Santa Clara Street 12th Floor
San Jose, CA 95113-1905
(408) 535-3854
(408) 998-3183 (fax)
Dave.bopf@sanjoseca.gov

Vera Gil, Planner Housing Services

City of Cupertino
10300 Torre Ave.
Cupertino CA 95014
(408) 777-3251
(408) 777-3333 (fax)
Verag@cupertino.org

City of Morgan Hill Downtown Development Opportunity

Morgan Hill Downtown Development, LP

December 14, 2009

Wilbert Lee, Director of Housing

City of East Palo Alto
Housing Services Department
2277 University Avenue
East Palo Alto, CA 94303
(650) 853-3120
(650) 853-5928

Barry Swenson, President

Barry Swenson Builders
777 N. 1st Street 5th Floor
San Jose, CA 95112
(408) 938-6348
(408) 287-0299 (fax)
bswenson@barryswensonbuilder.com

Dave Gibbons, Vice President Construction

Barry Swenson Builders
777 N. 1st Street 5th Floor
San Jose, CA 95112
(408) 938-6348
(408) 287-0299 (fax)
dgibbons@barryswensonbuilder.com

Thomas Zolezzi, Sr. Sales Associate

Borelli Investments
2051 Junction Avenue Suite 100
San Jose, CA 95131-2100
(408) 453-4700
(408) 453-5636 (fax)
Thomas@borelli-inv.com